

Message Text

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ACTION EB-11

INFO OCT-01 EUR-25 ADP-00 AID-20 NSC-10 RSC-01 CIEP-02

TRSE-00 SS-15 STR-08 OMB-01 CEA-02 CIAE-00 COME-00

FRB-02 INR-10 NSAE-00 XMB-07 OPIC-12 LAB-06 SIL-01

AF-10 OIC-04 PA-03 PRS-01 USIA-15 RSR-01 /168 W

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FM AMEMBASSY LONDON

TO SECSTATE WASHDC 3694

INFO TREASURY DEPT WASHDC PRIORITY

AMEMBASSY PARIS

C O N F I D E N T I A L LONDON 09997

TREASURY FOR S.Y. CROSS AND F.L. WIDMAN

E.O. 11652: XGDS-1

TAGS: EFIN, IMF, IBRD, KE

SUBJECT: IMF-IBRD ANNUAL MEETINGS

REF: STATE 159015

1. DEREK MITCHELL, SECOND PERMANENT SECRETARY, H.M. TREASURY, REPORTS THAT U.K. WILL NOT RAISE ANY NEW OR IMPORTANT PROPOSALS DURING THE IMF-IBRD PLENARY MEETING NOR WITH IMF-IBRD OFFICIALS. THE CHANCELLOR PROBABLY WILL GIVE A STRONG PLUG TO THE WORK OF THE IBRD BECAUSE HE CONSIDERS IT IMPORTANT AND BELIEVES IN IT.

2. MITCHELL EXPECTED ANY SUBSTANTIVE QUESTIONS UK HAS ON INTERNATIONAL MONETARY REFORM SHOULD BE CLEARED UP DURING NEXT WEEK'S C-20 DEPUTIES MEETING. ONE SPECIFIC QUESTION HAS BEEN RAISED BY THE RECENT U.S. TREASURY PRESS RELEASE ON INTERNATIONAL MONETARY REFORM. THIS DEALS WITH THE US VIEWS ON REFORM OF INSTITUTIONAL ASPECTS OF THE IMF. UK IS NOT CLEAR WHAT THE US IS AFTER. AS REPORTED BY THE

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FINANCIAL TIMES, FOR EXAMPLE, THE US TREASURY PAPER MAKES

IT CLEAR THAT THE US DOES NOT HAVE ANY PARTICULAR ARRANGEMENT IN MIND. THE UK WONDERS IF IN FACT US IS AIMING AT A GROUP SOMEWHERE BETWEEN THE CURRENT EXECUTIVE DIRECTORS LEVEL AND THE GOVERNORS LEVEL. US C-20 DELEGATION CAN EXPECT QUESTIONS ON THIS NEXT WEEK.

3. CHANCELLOR BARBER NOW OUT OF LONDON, BUT MITCHELL SAID HE IS CERTAIN CHANCELLOR BARBER WOULD VERY MUCH LIKE TO HAVE A BILATERAL DISCUSSION WITH SECRETARY SHULTZ IN NAIROBI PRIOR TO OPENING OF MEETING. IF MEETING WERE BEING HELD IN WASHINGTON, MITCHELL SAID UK WOULD ALREADY HAVE REQUESTED THE APPOINTMENT. CHANCELLOR BARBER CURRENTLY SCHEDULED TO ARRIVE IN NAIROBI ON AFTERNOON OF FRIDAY, SEPTEMBER 21, COMING FROM THE COMMONWEALTH FINANCE MINISTERS MEETING IN DAR ES SALAAM. MITCHELL SUGGESTS APPOINTMENT WITH SECRETARY SHULTZ ASAP AFTER SECRETARY'S ARRIVAL. PLEASE ADVISE.

4. MITCHELL SAID MAIN THRUST OF COMMONWEALTH FINANCE MINISTERS MEETING WOULD BE THE FUTURE OF THE STERLING AGREEMENTS AND THE STERLING AREA. WE HAVE BEEN TOLD BY U.K. TREASURY OFFICIALS THAT THE U.K. WILL ATTEMPT TO EXTEND THE STERLING AGREEMENTS IN A RATHER VAGUE FASHION, WITH AN ATTITUDE OF LET'S CARRY ON AS WE ARE NOW UNTIL REFORM OF THE INTERNATIONAL MONETARY SYSTEM IS ACHIEVED, AT WHICH POINT THE SITUATION CAN BE REVIEWED. ALTHOUGH SOME STAFF MEMBERS IN H.M. TREASURY HAD ARGUED STRONGLY IN FAVOR OF ALLOWING THE STERLING AGREEMENTS TO LAPSE COMPLETELY, WE ARE TOLD FORMER GOVERNOR OF THE BANK OF ENGLAND, LESLIE O'BRIEN, FELT AGREEMENTS SHOULD BE EXTENDED IN SOME FORM. MITCHELL SAID NEXT WEEK, CHANCELLOR BARBER MUST MAKE UP HIS MIND IN A MORE DEFINITE WAY EXACTLY HOW THE U.K. INTENDS TO PROCEED AND THE POSITION IT WILL TAKE AT THE COMMONWEALTH MINISTERS MEETING.

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